



United States Department of the Interior
BUREAU OF INDIAN AFFAIRS
EASTERN OKLAHOMA REGION
OSAGE AGENCY
POST OFFICE BOX 1539
PAWHUSKA, OKLAHOMA 74056-1539



IN REPLY REFER TO:

Executive Direction

Date: December 10, 2015

From: Superintendent

To: Supervisory Realty Specialist, Lease Management
Realty Specialist, Lease Compliance

Re: Penalties/Fines for Non-Compliance Issues

The Osage Agency will utilize the following in determining penalties/fines for non-compliance of lease under 25 CFR 226.42:

Violation Categories w/ Associated Fines/Penalties:

Class A (\$500 per day): Violations can be elevated to this level if multiple Class B violations have occurred within the last 12 month period. (25 CFR 226.42, 25 CFR 226.43(g))

Class B (\$250 per day): Violations that may be considered hazardous. These types of violations pose a direct threat to the human environment, including air/water quality, biological resources (wildlife, fish, birds, cattle, etc...) and/or adversely affect the property (soil, vegetation, ponds) of surface owners. Generally, these violations are affiliated with incidents where contamination of the environment has occurred. (25 CFR 226.19, 25 CFR 226.22)

Class C (\$100 per day): Violations that are generally considered a result of improper conduct and/or failure to operate the lease in a workmanlike manner, but which represent no direct threat to the human environment. (25 CFR 226.36, 25 CFR 226.43 (e), 25 CFR 226.19)

Class D (\$50 per day): Violations that are considered to be administrative in nature and do not pose a threat to the human environment. (25 CFR 226.43(c), 25 CFR 226.34)

Class B Violations

Violation	Corrective Action
Failure to properly care for and dispose of deleterious fluids as provided in § 226.22. Example: fluids found on location	Remove all standing oil and/or saltwater, and remediate spill area, including all contaminated soil, to the extent that the affected soils can support growth of new vegetation.
Failure to construct and maintain pits as required by § 226.22. Example: spills found on location	Empty pit of all fluids at the tank battery, and keep empty. Dispose of contaminated material at an approved location off lease. Line pit with no less than 30 mil liner or fill in pit.
Failure to conduct operations in a workmanlike manner, commit no waste and allow none to be committed upon the land, nor permit any unavoidable nuisance to be maintained on the premises under his/her control as required by § 226.19. Example: oil and/or salt water spills; hazardous electrical conditions	Repair leaking equipment (i.e. salt water pump, clean out plate on gun barrel, dump valve on saltwater tank, etc...). Bring all electric up to National Electric Code. Specifically, update all wiring to avoid the likelihood of electrocution hazards to the human environment (i.e. humans, wildlife, cattle, etc...).
Failure to safely and properly temporarily abandon the well bore in accordance with § 226.19, which presents a threat to the human environment. Example: failure to seal wellbore; contamination to and around wellbore	Properly secure the well bore by installing a bull plug or other capping mechanism approved by the Superintendent.

Class C Violations

Violation	Corrective Action
Failure to conduct operations in a workman like manner, commit no waste and allow none to be committed upon the land, nor permit any unavoidable nuisance to be maintained on the premises under his/her control as required by § 226.19. Example: unclean well location	Clean-up conditions around tank battery and well location(s) by keeping oil cans and other trash picked up, i.e., junk, poly pipe and rods, and keep clean.
Same as above. Example: unused, unsafe, abandoned equipment and materials	Remove all equipment and items not necessary to operate the lease. Refrain from relocating the excess equipment and items to another location within the lease.
Same as above. Example: driving through pasture	Confine vehicles to the existing lease road.
Same as above. Example: ruts, water drainage issues, unmaintained cattle guards	Failure to maintain roads, or repair/replace gates or cattle guards to proper condition.
Same as above. Example: opened pits, unleveled surface, trash, equipment, damaged or void of vegetation	Level and dress location at disturbed site, i.e. well location, tank battery or spill area. Complete restoration of the spill area by preventing soil erosion until vegetation can be restored to the site.
Same as above. Example: inadequate fencing which allows access to public and/or livestock	Install/repair fence around the tank battery/well.
Same as above. Example: inability to secure and prevent any loss of revenue	Place proper seal or locking device on the oil tank.

Same as above. Example: exposed flow lines	Bury disposal line going to the new tank battery.
Same as above. Example: excessive vegetation around tanks and wells	Cut and remove excess vegetation around tank battery and well(s).
Same as above. Example: oily residue at sale line	Install drip pan on purchase sale line at tank battery.

Class D Violations

Violation	Corrective Action
Failure to mark wells and tank batteries as required by § 226.34.	Place/replace/update descriptive signs at the tank battery and well(s) as necessary.